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ABSTRACT

This testimony on the Reauthorization of the Higher Education Act defines the objectives of the National Student Educational Fund. The remarks focus on putting the student's right to good information about educational opportunities into practice by providing better information, by simplifying the financial aid system, and by providing key roles for consumers to improve the information and other services. The testimony builds on the first steps taken in the Student Consumer Information sections of the Education Amendments of 1976. The following specific areas are discussed: student consumer information; consumer confidence indicators; a consumer service audit of financial aid services; a common financial aid form, with consumer accountability; a FIPSE fund for student-developed projects, and clearinghouse for technical assistance to student projects for improving education; and forgiveness of loan indebtedness for community service work. Proposed amendments to the Higher Education Act of 1965, as amended, a proposed new Student Consumer Information Section of Title IV, and activities involving the Bureau of Student Financial Assistance and the Bureau of Higher and Continuing Education are presented. (SW)

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Testimony on the Administration's Proposals for Reauthorization of Title IV (Student Financial Assistance) and other parts of the Higher Education Act

Brenda Catterton, Director for Research and Program Development, National Student Educational Fund

January 4, 1979

Chairperson and members of the Department of Health, Education and Welfare and Office of Education Task Force and Working Groups on the Reauthorization of the Higher Education Act, my name is Brenda Catterton, Director for Research and Program Development of the National Student Educational Fund. NSEF is a non-profit research organization founded by students in 1972. We do research and information projects to achieve the goal that "no person be denied education beyond high school for lack of money, information, counseling, or academic programs to meet his or her needs."

Since 1974 our energies have focused on adequate funding of financial aid programs to meet the costs of education; improving the delivery of financial aid; developing better consumer information about postsecondary educational opportunities, costs and financial aid; and assisting student leaders at the campus, state and national levels to carry out their roles in improving the quality of education through student projects.

Many of our financial aid concerns are well-expressed by representatives of national student organizations which have memberships from campus student associations and statewide student associations. Thus, I will limit my remarks to the narrower areas of (1) student consumer information, (2) consumer confidence indicators, (3) a consumer service audit of financial aid services, (4) a common financial aid form, with consumer accountability, (5) a FIPSE fund for student-developed projects, and clearinghouse for technical assistance to student projects for improving education, and (6) forgiveness of loan indebtedness for community service work. Except for the last item, what these proposals have in common is their focus on putting the student's right to good information about educational opportunities into practice--by providing better information, by simplifying the financial aid system, and by providing key roles for consumers to improve the information and other services. Thus, the testimony builds on the excellent first steps taken in the Student Consumer Information sections of the Education Amendments of 1976.

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In planning for the reauthorization, NSEF people have appreciated the opportunity to work with the Student Information Work Group, headed up by Monte Perez. This Work Group has devoted considerable time to developing a compre-

hensive picture of the many current --and proposed-- Federal roles aimed at providing prospective students, students, their families, and the many information providers, with the information and motivational support which are key to securing postsecondary education.

We propose that H.E.W. and O.E. review their proposals for reauthorization based on the following amendments developed through NSEF's discussions during 1977 and 1978 with many student associations, Office of Education staff, information and financial aid providers and others.

1. A Student's Right to Know About Postsecondary Educational Opportunities

The student's (including the prospective student and members of the family) right to know about educational opportunities, costs and financial aid is fundamental to the right to education beyond high school. Congress established the financial right of most persons in this country to attend postsecondary education in the Basic Grant Program in 1972, based on a broad consensus of Republicans (then in the Administration) and Democrats (in Congress).

NSEF has presented testimony in July 1978 to the Government Operations Committee of the House on the "Birthright of a Department of Education: Access to Educational Information by Students and Parents." The testimony describes the most historic Federal role in the Department of Education (first established in 1867) to "collect and diffuse such statistics and facts as shall show the condition and progress of education in the several states and territories." Today, the Federal role can help to collect and provide information to individuals, as well as to administrators and researchers.

In carrying out the Federal role in providing information about financial aid, it is important for the Commissioner of Education to take the lead in insuring that every family has good information about costs and financial resources. For persons from low income families (the primary target of financial aid programs), it is particularly important to provide a consistent message that "money is available" in order to encourage the pursuit of education in these times of constant change in the price (and perception of price) of education through inflation.

Although much of the information responsibility is inherant in the enactment of the Basic Grant and other Federal financial aid programs, we feel it is important to make the responsibility explicit. We propose that the Commissioner be given the responsibility to (1) directly provide good information about costs and financial aid to all prospective students by improving OE publications and planning for information dissemination, (2) work with other Federal and state agencies, and public and private financial aid information provider and consumer groups to insure that each prospective student has access to comprehensive messages about educational opportunities, and (3) report to Congress on the feasibility of a National Student Aid Data Bank (involving Federal and state agencies and private information providers) in local high schools and community agencies.

The Commissioner would work with institutions under Section 493A of the Higher Education Act (Student Consumer Information). Please note in the attached information from Oregon about the interaction between Sec. 493A and the cooperation by institutions with the state agency in Oregon in collecting good information about the financial aid packages available, in order

to be used in the personalized Data Bank in the Career Information System located in high schools, community agencies and community colleges and some four-year colleges.

Under the proposed amendment, the Commissioner would also have the responsibility to report back to Congress within 24 months on the best way to operate a National Student Aid Data Bank, similar to the one now in Oregon.

An example of when the Commissioner's leadership -- as reinforced and focused through legislation -- is important is in encouraging each state to develop and distribute a readable introduction to the concepts, language and process of financial aid for students and their families. The California Financial Aid Workbook was produced this past fall by NSEF for the Student Aid Commission in California and was distributed to all high school seniors and to other persons contacting the agency. The Office of Education could encourage other states to develop similar materials, or else the Office of Education could develop materials itself, particularly for low-income audiences.

Another example of the importance of the Commissioner's leadership is the development of a National Awareness Campaign on Student Financial Aid to assist students and financial aid agencies and information providers at each step in the annual financial aid processing calendar. Please note that the Planning and Selection Committee of the Student-Commissioner Conference on Financial Aid Issues has invited Commissioner Boyer to take part in a February 1979 press conference to announce the availablity of Basic Grant forms, to note the expansion in the grant and loan programs to over 2 million new families, and to encourage families to use W-2's and 1040's to fill out Basic Grant forms in order to speed up the application process. Please note that it is important to keep student filers out of the "corrections process" for Basic Grants, which is providing frustrating for as many as a third of the filers.

2. Education Consumer Confidence Indicators

In every major sector of American life involving financial decisions, consumer confidence indicators have been developed to order to project trends and to provide assurances to many audiences of their ability to make financial plans. This is not yet true of postsecondary education finaning decisions by families.

In postsecondary education it is important to know how families at each income level and in other circumstances feel about the value of education and their ability to secure it financially and in other ways.

We believe that the Secretary must take the leadership in taking a step in this key area. We believe that the indicators can be built upon the excellent work of the National Center for Education Statistics in documenting the aspirations of students and in following up their education and career choices.

We realize this is an area fraught with problems in collecting good data, and in protecting the rights of classes of families as research subjects. We feel, however, that it is important to proceed, with full consultation with student and family organization representatives systematically involved in the discussions. In the end, we feel these indicators will help clarify the

value and progress of many kinds of families in terms which are understandable not only to researchers and policy developers, but also to families and policy makers.

3. Consumer Service Audit of Financial Aid Services on Campus

What's going right or wrong in the campus financial aid office? How can an office learn from the past in setting its priorities, and in getting recognition of its staffing and other needs with college presidents? How can Office of Education site reviewers know the views of financial aid applicants -- the consumers -- about the quality of financial aid information and service? How can the Office of Education develop a system to learn what's happening at the campus level in order to determine how to assist in providing better services?

All of these questions could be answered by a Consumer Service Audit, which would include a survey of a percentage of financial aid applicants to learn what's going right and wrong in the aid office, to learn differences in perceptions between students and administrators and between different kinds of students, and to identify suggestions by students for improvement.

We propose an audit conducted by a party which is not an employee of the institution, but which works closely with the financial aid office to improve services and information, and has a public responsibility to develop standards of financial management and to report on the condition of an aid office through an exercise of professional judgment. Note in the attachments the use of a survey developed by the Oregon Student Lobby and the Oregon Educational Coordinating Commission to learn student perceptions of the consumer information provided by each public institution and to identify the need for financial aid staff.

4. A Common Financial Aid Form -- With Consumer Accountability

Although there are many technical problems in legislating the adoption of a "common financial aid form" to be used by students in applying for all major Federal, state and campus need-based financial aid, we feel it should be done. In taking this step, however, we feel that the following steps should be taken to insure that the "common form" is actually better for the consumer:

a) that no charge would be made directly to the applicant for a reasonable number of reports to institutions, state or Federal agencies or others, and to the applicant.

b) that every applicant would have the right to designate a percentage of the processing costs to be used by a public consumer organization to monitor the quality of financial aid information and processing services, to conduct an annual consumer assembly from among a randomly-selected sample of financial aid applicants and others, and to produce a consumer's guide to costs and financial aid for all potential applicants to be available in high schools, Consumer Information Center and other locations.

c) that the Department of H.E.W. contract with at least two financial

aid processing services in order to maintain competition to improve the quality of services (although not necessarily more than one service in any state or region), and to include as reimbursible costs the amounts necessary to involve consumers in the review of services and the amounts necessary for development of new services, such as early financial aid planning services.

Please see the attached application form for the Second Student-Commissioner Conference on Financial Aid Issues, entitled "Improving the Delivery of Student Financial Aid: The Consumer's View," and the overall characteristics of a complete financial aid processing system. It is important in shifting from a fee-paying system to a contract system that many of the "extra services" developed by the College Scholarship Service and the American College Testing Program not be eliminated. It is our view that adopting a common application form will determine the structure of financial aid system's other parts. We are particularly concerned that the entire system be flexible enough to adapt to the changes in information transmission and financial aid processing technology, which may within the next 10 years enable students to file for aid at remote sites (high schools, community locations, postsecondary institutions) and get immediate estimation or confirmation of aid. This will take the place of the costly estimation process (involving several months and several hundred dollars of application costs) and the time-consuming application process (through the mail with 3-4 weeks turnaround, and with a large percentage of corrections).

(5) A $2 Million Fund for Student Projects to Improve Postsecondary Education (in Fund for the Improvement of Postsecondary Education)

and

A Technical Assistance Center for Student and Consumer-Developed Projects to Improve Postsecondary Education

From the experience of NSEF's Better Information Project: Prizes in Education (funded by FIPSE in 1977-78 and 1978-79), we have established standards of quality of student-produced information for other students, and we have provided visibility about effective materials to students and others. Many persons have long been aware of the important role which thousands of students play each year in developing course and teacher evaluations, campus and community survival guides, financial aid guides, materials for special audiences of women, minorities, older students, handicapped students, health and counseling information -- presented in print, audio and visual media.

Many of these projects have set the standards in their fields, and NSEF is making them available through a directory in the upcoming report, Better Information By Students. This will help other avoid reinventing the wheel.

We have also learned that many projects would be eligible for funding from the Fund for the Improvement of Postsecondary Education as model projects if the student projects were aware of FIPSE and how to apply. Currently, FIPSE funds less than a half dozen projects each year from among student

and family organizations.

Based on the successful experience in California in the One Million Dollar Fund for Undergraduate Innovation in the past half dozen years, which has funded several model student projects, we feel that there would be a big bang for the buck in setting aside funds in FIPSE for student and consumer-developed projects, and in conducting special publicity activities about its availability and the accomplishments of other student projects. We believe this would create an important "academic affairs" dialogue among students and others across the country, which will be an important source of energy to improve the quality of education in the coming years.

As an extension, we feel it is crucial to expand the technical assistance and clearinghouse functions developed in NSEF's BIPPIE Project into a long-term clearinghouse or clearinghouses. Such clearinghouses would be similar to other Federal investments in clearinghouses for other educational personnel, and would keep each generation of student leaders abreast of the examples of other generations. Thus, we propose that the Secretary of H.E.W. convene a group from within H.E.W. (including O.E., FIPSE, and NIE), from student and consumer groups, and experts in technical assistance to identify the appropriate structure for such activities.

(6) Cancellation of Student Loans For Community Service Work

Lest we forget the perennial relation between education and work, and the relation between society's investment in each student and the student's return to society, we propose that a student be foregiven a percentage of student loan indebtedness for participating in community service work (at less than the average wage) after leaving school.

We believe that the increase in costs of education will have to be paid for, and much of it will fall upon the student. This is not a good trend when the economic payoff for attending school decreases as the percentage of society which has the opportunity for such schooling increases. By highlighting the "community service" aspect of postsecondary education in a meaningful financial incentive (although the dollars for each student would not be large), postsecondary education will position itself for a role in the future. This role will involve the facilitation of students' working before, during, and after postsecondary education to help pay for the opportunities. We feel that this will not only contribute to paying the bills, but will increase significantly the quality of education by engaging the energies of students in the constant interaction between what goes on "on campus" and "off campus."

We believe the loan cancellation mechanism is simple, and it follows in the model of the "teacher cancellations" under the old National Defense Student Loans. The teacher cancellations have been scaled down because there are fewer employment opportunities for teachers. In the long run, we believe that society will never run out of the need for "community service" in its many definitions.

PUTTING THE STUDENT'S RIGHT TO KNOW ABOUT EDUCATIONAL OPPORTUNITIES INTO PRACTICE

PROPOSED AMENDMENTS TO HIGHER EDUCATION ACT OF 1965 (AS AMENDED)

1. A Student's Right to know about postsecondary educational opportunities, costs and financial aid: Student Consumer Information

2. Education Consumer Confidence Indicators

3. Consumer Service Audit of Campus Financial Aid Services

4. A Common Financial Aid Application Form

5. A Two Million Dollar Fund for Student Projects to Improve Postsecondary Education

   A Technical Assistance Center for Student and Consumer-Developed Projects to Improve Postsecondary Education

6. Cancellation of Student Loans for Community Service Work

Student Consumer Information Section of Title IV (Student Financial Assistance)

Add to Title IV of Higher Education Act of 1965 as Amended:

(new section)

The Commissioner shall provide any prospective student with information about postsecondary education opportunities, including information about costs, financial aid, persistence, academic programs and placement, and about Federal student financial aid programs.

The Commissioner shall work together with private and public bodies of consumers and providers of such information at the national, state and community level to insure that this information is available through the public media, in high schools, community locations, and postsecondary institutions under a state plan for educational information centers.

The Commissioner shall work with such public and private bodies of consumers and providers of educational and financial aid information to determine the feasibility of a national financial aid data bank system administered by the Office of Education in cooperation with other federal and state education and labor agencies and private organizations. The Commissioner shall make a report to Congress by _____ on the feasibility and potential costs of the system.

Activities involving the Bureau of Student Financial Assistance and Bureau of Higher and Continuing Education under Proposed Student Consumer Information Section for Education Amendments of 1980

Bureau of Student Financial Assistance

1. Collect (directly or through contract) copies of what postsecondary institutions are providing under Sec. 493A of Education Amendments of 1976 to prospective students, do preliminary analysis of usefulness to students, organize copies and guides for training sessions for financial aid professionals on "best practices."

2. Provide staff time in planning a National Awareness Campaign on Postsecondary Education in cooperation with staff of other Federal agencies, state agencies, associations of financial aid professionals, financial aid processing services, admissions officers, counselors, students and families. The Awareness Campaign would be a private cooperative activity to provide publicity and support at each important part of the family's decision cycle (fall: thinking about education and costs after high school, see your counselor and get ready for financial aid applications; winter: get your financial aid application in now that W-2's are available and get applications in; spring: look at acceptances and financial aid packages before you make a decision; summer: it's never too late to apply for enrollment and financial aid and to get all aid forms corrected; etc.). The Awareness Campaign would highlight the role of each administrative partner at a point in the year and give support to the communication and administrative steps necessary with that partner. The Office of Education could provide funds for the development of specific television and radio spots which could be used by the Awareness Campaign's access to Advertising Council approval.

3. Redo OE publications describing financial aid based on surveys of understandability and usefulness by consumers, using charts and graphics to move away from "official government bulletin" style.

4. Collect copies of publications on financial aid and costs developed by state agencies and private organizations, and provide technical assistance to state agencies which take the responsibility for providing information directly to all persons in high schools and in community counseling centers.

Bureau of Higher and Continuing Education

1. Develop peer counseling and outreach programs through Talent Search Upward Bound, Educational Opportunity Centers to increase the percentage of persons from low income families which receive motivational and factual information about costs and financial aid as a part of educational opportunities. This might take place through funding more projects, providing technical assistance on developing peer counseling programs.

2. Convene meetings of Educational Information Systems staff from state agencies to discuss the development of state plans, with an emphasis on cost and financial aid information and state participation in national awareness activities.

Both Bureaus

1. Work with the National Occupational Information Coordinating Committee and Career Information and Educational Information staff and interested parties to determine the feasibility and costs of a national student aid data bank component of a career information system. The exploration will identify the possible roles for the Office of Education, states and others in developing "early" estimates of financial aid eligibility and costs of institutions based on the circumstances of individual families, in providing lists of "all sources of aid" for which a student might be eligible, and distributing guides on thinking about costs and financial aid. The exploration would also look at high school curricula concerning the development of personal planning skills and the making of decisions about what to do after high school.

CONSUMER CONFIDENCE INDICATORS FOR POSTSECONDARY EDUCATION

The Secretary shall develop and periodically publish indicators of consumer confidence in their ability to enter, choose between, transfer between, secure success in, and pay for postsecondary education.

The indicators shall include perceptions of costs and eligibility for financial aid, confidence in ability to make financial and personal plans, confidence in ability to save for education costs, knowledge of several ways to cut costs of education through credit by examination or for work, group discounts and elimination of unnecessary requirements, and results of follow-up studies of persons attending postsecondary education.

CONSUMER SERVICE AUDIT OF CAMPUS FINANCIAL AID SERVICES

Each institution participating in a student aid program under Title IV of the Higher Education Act shall carry out at least once every two years a consumer service audit of its consumer information and financial aid services.

The audit shall include the surveying of a significant sample of financial aid applicants or prospective students to learn of their understanding of the institution's information and financial aid services, to learn of the accuracy of the consumer information, to learn of significant problems and successes of the information and services, and to learn suggestions for improvement in information and services.

The audit and the survey shall be carried out under procedures developed by associations of financial aid professionals and financial aid consumers and shall be approved by the Commissioner. These standards shall include the verification and signing of the report of the survey and other activities by a person with no other business relationship with the institution. Such person shall have a responsibility that the report will contain all significant information which would be considered in a determination of administrative capability to provide consumer information and financial aid services.

The consumer service audit report and survey shall be available to any member of the public, upon request, to the financial aid policy committee of the institution, and to the Office of Education during a site visit and at other times upon request.

The consumer service audit report and survey, and the report of the financial aid officer and the financial aid policy committee in response to the audit report shall be a major part of the site visit to determine the management capacity of the financial aid office.

A COMMON FINANCIAL AID APPLICATION FORM

The Secretary shall provide a Common Financial Aid Application Form for use by an applicant for any Federal, state or institutional funds based on financial need. The Secretary shall provide for the distribution and processing of the form through contracts with financial aid processing services.

A processor of the Common Form shall not charge a fee to the applicant for the processing of the application or the sending of reports to a reasonable number of institutions, student aid agencies or services, and to the applicant.

A processor of the Common Form shall be reimbursed by the Secretary for the costs of processing. Reimbursement shall include reasonable expenses for the collection and review of consumer service audit reports from institutions and reports from other consumer surveys and financial aid professional associations by committees of consumer and financial aid personnel. Reimbursement shall include reasonable expenses to provide information to consumers, and for the development of improved financial aid information or processing activities to keep pace with technological changes.

The Secretary shall enter into agreements with at least two processors for the Common Form in order to insure long-term competition to improve the quality of financial aid processing services and information, and to increase the speed of adaptation to new technologies and the provision of new services involving the application for and distribution of financial aid.

The Secretary shall not necessarily enter into agreements with more than one processor for applicants from any state or region of the country.

The Secretary shall make provision for the processing of Supplements to the Common Form with the processors of the Common Form and other processors.

TWO MILLION DOLLAR FUND FOR STUDENT PROJECTS TO IMPROVE POSTSECONDARY EDUCATION

The Fund for the Improvement of Postsecondary Education shall set aside two million dollars or 10 percent of its project funds, whichever is larger, for the support of student and consumer-developed projects to improve information about and the quality of postsecondary educational experiences.

The Director of the Fund shall convene an advisory group of student and consumer representatives and others in order to develop guidelines for student projects, to devise communications with potential applicants, and to create support services about the setaside projects.

A student or consumer-developed project shall mean a project with an administering agent which is directly responsible to a student, prospective student, family or consumer constituency.

TECHNICAL ASSISTANCE CENTER FOR STUDENT-DEVELOPED PROJECTS

The Secretary shall provide support for one or more technical assistance centers or clearinghouses to assist student or consumer projects and leaders in carrying out their responsibilities to provide information about, to evaluate, and to carry out student services and other projects to improve the quality of postsecondary educational experiences, with a particular emphasis on projects to assist students or prospective students from low income families and projects which have been successful in involving students.

The Secretary shall consult with student, family and consumer organizations, the Assistant Secretary for Education, the Commissioner of Education, the Director of the National Institute of Education, and the Director of the Fund for the Improvement of Postsecondary Education and others about the structure and priority needs to be filled by such center or centers.

The Secretary is authorized to spend $100,000 in FY 1981 to plan for such center or centers, and $200,000 in FY 1982 and $500,000 in FY 1983 and each subsequent year to support such center or centers on a grant or contract basis.

CANCELLATION OF STUDENT LOAN INDEBTEDNESS IN RETURN FOR COMMUNITY SERVICE WORK

A borrower under the GSL or NDSL Program is entitled to cancellation of up to 50 percent of the borrowed amount plus interest for full time community service work carried out at a moderate or less rate of pay. The cancellation shall be calculated at the rate of 2 months of loan indebtedness for each month of work after a minimum of six months of work with an eligible employer.

Each year the Commissioner shall publish a list of community service jobs in the public and private non-profit and for-profit sectors which qualify, along with descriptions of employers which qualify. The list shall be published by July 1 for the year beginning the following January 1. The Commissioner shall also publish the rate of pay under which a student is eligible for cancellation, which rate shall not be more than a moderate standard for a family of the borrower's circumstances.

A student qualifies for cancellation by submitting or having an employer submit a verification of employment in a community service job, and submitting verification of income.